



MINUTES

FPB Board Meeting

5:00 PM - Tuesday, October 18, 2022 Community Room

The Frankfort Plant Board held a Board Meeting on Tuesday, October 18, 2022 at 5:00 PM in the Community Room.

ATTENDANCE:

Stephen Mason, Board Secretary/Treasurer
John Cubine, Board Chair
John Snyder, Board Vice Chair
Kathryn Dutton-Mitchell, Board Member
Jason Delambre, Board Member - virtual
Gary Zheng, General Manager
David Billings, Director of Water Operations
Harvey Couch, Marketing Video Content Coordinator
Katrina Cummins, Finance Director
David Denton, Chief Financial Officer
Vent Foster, Chief Operations Officer
Cassie Estill, Customer Service Supervisor
Adam Hellard, Telecom Superintendent
Russ Carter, Asst. Electric Superintendent
Kathy Poe, Executive Assistant to GM
Hance Price, Assistant GM Administration/Staff Attorney
Leigh Ann Phillips, Support Services Director
Deron Rambo, Network Operations Center Director
Travis McCullar, Chief Electric Engineer
Nichell Brown, Human Resource Director
Shane Holt, Asst. Telecom Superintendent
David Columbia, Community Television Coordinator
Brian Bourne, Water Distribution Superintendent
JC Lyons, Safety Director
Brandon Powers, Water Treatment Plant Superintendent
State Journal

1 ACTION ITEM: APPROVAL OF MINUTES

- 1.1 Consider Approval of the Minutes for the September 20, 2022 Board Meeting.

John Snyder moved to Amend attendance to remove Vent Foster. Stephen Mason seconded the motion. CARRIED. 5 to 0.

John Snyder moved to Approve the Minutes for the September 20, 2022 Board Meeting as Amended. Stephen Mason seconded the motion. CARRIED. 5 to 0.

- 1.2 Consider Approval of the Minutes for the September 30, 2022 Special Board Meeting.**

John Snyder moved to Amend the meeting time to 11:30. Stephen Mason seconded the motion. CARRIED. 5 to 0.

John Snyder moved to Approve the Minutes for the September 30, 2022 Board Meeting as Amended. Kathryn Dutton-Mitchell seconded the motion. CARRIED. 5 to 0.

- 1.3 Request Permission to Call a Closed Session pursuant to KRS 61.810(1)(c) to discuss pending or proposed litigation regarding an employment matter.**

John Snyder moved to Request Permission to Call a Closed Session pursuant to KRS 61.810(1)(c) to discuss pending or proposed litigation regarding an employment matter. Kathryn Dutton-Mitchell seconded the motion. CARRIED. 5 to 0.

John Snyder moved to Come out of Closed Session. Stephen Mason seconded the motion. CARRIED. 5 to 0.

John Snyder moved to proceed as directed in closed session. Kathryn Dutton-Mitchell seconded the motion. CARRIED. 5 to 0.

2 ACTION ITEM: ACCEPT FINANCIALS

- 2.1 Consider Accepting the Financial Statements for the Month Ending September 30, 2022.**

Stephen Mason moved to Accept the Financial Statements for Month Ending September 30, 2022. Kathryn Dutton-Mitchell seconded the motion. CARRIED. 5 to 0.

3 INFORMATIONAL ITEM: PUBLIC COMMENT

- 3.1 None.**

4 INFORMATIONAL ITEM: DEPARTMENTAL REPORTS

- POTENTIAL OR AGREED UPON RELATED PARTY TRANSACTIONS**
None

- PUBLIC INFORMATION
- NETWORK OPERATIONS CENTER (NOC)
- CUSTOMER SERVICE
- TELECOMMUNICATIONS
- ELECTRIC DEPARTMENT
- SEPA
- KYMEA
- SAFETY
- WATER DISTRIBUTION
- WATER TREATMENT PLANT

5 ACTION ITEMS:

- 5.1 Consider Approving Health Plan Amendment #15. (*Nichell Brown to discuss*)

Staff recommends the Board consider approving health plan Amendment #15 stating that participation in the Plan's pharmacy network requires the pharmacy acceptance of cost-plus/ACI pricing.

By requiring pharmacies to accept Acquisition Cost Index (ACI) pricing our Plan pays a flat rate for prescription drugs without added fees. This ensures our pharmacy plan is receiving the best pricing and rebates.

Amendment #15 and Summary of Amendment #15 is in the detail pages.

Staff asks the Board to approve Amendment #15.

John Snyder moved to Approve Health Plan Amendment #15. Kathryn Dutton-Mitchell seconded the motion. CARRIED. 5 to 0.

- 5.2 Consider Approval of Change Order No. 1 for the Ammonia and Sulfuric Acid Upgrade Project at the Water Treatment Plant. (Bid# 1740) (Brandon Powers to discuss)

In December of 2021, the Board awarded the construction contract for the Ammonia and Sulfuric Acid Upgrade Project to Herrick Company for \$685,000.

During the course of construction, FPB and Herrick Company determined additional items to be included in the scope were necessary.

Change Order Items:

1. Demolition of existing wall – one of the non-load bearing walls is severely deteriorated and Staff recommends removal. The associated work will include relocating waterlines, relocating chemical analyzing devices, and electrical work.
2. Replace lighting – The wall removal will combine two spaces and result in one larger room. Lighting throughout the rooms will be replaced to match.
3. Demolish existing concrete pad – there is an existing concrete pad that is no longer necessary to store chemicals. If left, it will become a trip hazard.
4. Sulfuric Acid Room – Paint Floor – the existing floor is peeling and in need of additional repairs. The floor will be painted with an epoxy coating.
5. Schedule extension – Staff requested an additional 108 days to allow for a smooth transition from treating water with Ammonia gas to treating with Liquid Ammonium Sulfate.

The exact cost of the change order items is currently being reviewed by FPB and HDR. It is expected to be approximately \$47,000. \$835,000 was budgeted for construction in Fiscal Year 22-23.

Staff recommends the Board approve Change Order #1 with Herrick Company, subsequent that all costs remain within budget.

Stephen Mason moved to Approve Change Order No. 1 for the Ammonia and Sulfuric Acid Upgrade Project at the Water Treatment Plant (Bid #1740). Kathryn Dutton-Mitchell seconded the motion. CARRIED. 5 to 0.

- 5.3 Consider Accepting Minutes of June 14, 2022 Cable Advisory Committee meeting. (Harvey Couch will discuss).

John Snyder moved to Approve the Minutes of the June 14, 2022 Cable Advisory Meeting. Stephen Mason seconded the motion. CARRIED. 5 to 0.

- 5.4 Consider Re-Appointment of Larry Totten to Cable Advisory Committee. (Harvey Couch will discuss)

Staff recommends approval of the re-appointment of Larry Totten to a second three-year term on the Cable Advisory Committee, through October 31, 2025. The Committee Bylaws specify members can be reappointed for an additional term. Mr. Totten has indicated a willingness to continue to serve on the committee. Mr. Totten has been a key contributor to the committee during his first term. He is currently serving as the committee's chairperson. Mr. Totten's experience and knowledge of the subscriber base and programming agreement structure will be valuable as FPB faces upcoming renewals.

Stephen Mason moved to Re-Appoint Larry Totten to Cable Advisory Committee. Kathryn Dutton-Mitchell seconded the motion. CARRIED. 5 to 0.

- 5.5 Consider Memorandum of Agreement with Franklin County Fiscal Court for Dark Fiber and Dedicated Internet Access. (Harvey Couch will discuss)

Staff recommends approval of the Memorandum of Agreement with between FPB and Franklin County Fiscal Court for Dark Fiber and Dedicated Internet Access Services. The board has previously entered into a Memorandum of Agreement with Franklin County Fiscal Court for these services in January 2016. That agreement expired in 2021 and has continued on a month-to-month basis. It provides fiber infrastructure between County buildings as well dedicated internet access. Staff engaged with Franklin County staff for a renewal and the renewal is presented here with only changes to the term, the speed, and the monthly charges. The Staff Attorney reviewed these changes and it meets with his approval. The Fiscal Court will consider this agreement at their October 13th meeting.

Kathryn Dutton-Mitchell moved to Approve the Memorandum of Agreement with Franklin County Fiscal Court for Dark Fiber and Dedicated Internet Access. John Snyder seconded the motion. CARRIED. 5 to 0.

- 5.6 Consider Award of RFP #2022-02 Occupational Safety Consulting Firm. (J.C. Lyons will discuss)

In August FPB requested professional service proposals from occupational safety consulting firms experienced in municipal utilities, OSHA, FMCSA, and environmental compliance. FPB was seeking an expert firm that could assist in promoting safe and healthy working environments by supplementing and enhancing the current Frankfort Plant Board Safety Program by providing detailed and comprehensive consultation on specific work related inquiries. The firm will provide assistance in review and modification to Frankfort Plant Board Safety programs or policies on an as needed basis. The RFP was advertised locally and sent directly to two firms. Two firms responded within the response window. After evaluating both responses, staff recommends awarding to RMS Safety. The period of performance for this contract shall be from October 19th, 2022 through October 19th, 2023. Staff attorney has reviewed the contract and it meets with his approval.

Stephen Mason moved to Award RFP #2022-02 Occupational Safety Consulting Firm to RMS Safety. Kathryn Dutton-Mitchell seconded the motion. CARRIED. 5 to 0.

5.7 **Approve the pass-thru of the Kentucky Municipal Energy Agency (KYMEA) Energy Cost Adjustment to FPB retail electric customers by way of the existing Power Cost Adjustment tariff mechanism. (Vent Foster and David Denton will discuss)**

Kentucky Municipal Energy Agency (KYMEA) has provisions for an Energy Cost Adjustment (ECA). The ECA is implemented as a collection in the event the Days Cash on Hand falls below the minimum target, or credit in the event the Days Cash on Hand exceeds the maximum target. The targets are set each year in the KYMEA Rate Schedule in accordance with the Financial Metrics.

In September the KYMEA members approved changes to the Energy Cost Adjustment. The changes became necessary to mitigate against the energy market volatility driven by the highest energy cost in 14 years, the highest inflation in 40 years, and the severe global energy impact of the Russia invasion of Ukraine. Thus a prudent course of action was to modify the ECA Collection Policy as follows.

Collection of the ECA shall be applied as follows:

If the current month's Days Cash on Hand less than the Minimum Days Cash on Hand for the same month, then the ECA shall be computed and collected.

This change decreases the collection trigger from three consecutive months to the current month (one month). The change would be in effect beginning with the October 2022 Member Invoices (September Usage Billing).

This increase to FPB is equivalent to \$0.003 per kWh on energy used. For the September KYMEA bill to FPB this is a \$192,397.52 increase.

The existing FPB tariff provides for the implementation of this type of charge to be passed thru on the retail bills as provided for in the Power Cost Adjustment (PCA) provision in the existing FPB Tariff in (3.U.10) *Section 3. Electric Service U. Electric rates and Charges 10. Power Cost Adjustment (PCA):*

In the event the rate under which the Plant Board purchases power at wholesale from its supplier is adjusted in accordance with a fuel cost adjustment provision contained in its wholesale power contract, an amount, sufficient to recover or account for said charge, shall be applied per KWH of sales to Plant Board customers. Such amount shall be stated separately on each bill and shall be designated Power Cost Adjustment (PCA).

Passed-thru to the FPB retail customers, this PCA will equate to \$3.60 per month to the average (1200 kWh) FPB electric residential customer. This monthly PCA

charge is expected to continue until KYMEA's current Days Cash on Hand is greater than the target of 40 days.

Staff recommends that this ECA charge from KYMEA be passed thru on the FPB retail bills as provided for in the existing Power Cost Adjustment (PCA) provision. The first PCA charge would include the September and October charges from KYMEA.

John Snyder moved to Collect PCA pass through going forward and collect the \$192,397.52 already billed to FPB pro-rated over a period of 3 months. Jason Delambre seconded the motion. CARRIED. 3 to 2.

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| <i>Stephen Mason</i> | <i>Against</i> |
| <i>John Cubine</i> | <i>Against</i> |
| <i>John Snyder</i> | <i>For</i> |
| <i>Kathryn Dutton-Mitchell</i> | <i>For</i> |
| <i>Jason Delambre</i> | <i>For</i> |

5.8 Consider Award of Bid Invitation #1767 – Spacer Cable to Wesco in the amount of \$170,465.18. *(Travis McCullar will discuss)*

Staff prepared a bid invitation for overhead spacer cable and publicly advertised it. This material will be used to upgrade the existing primary wire for distribution circuit 541. The bid invitation was sent to eleven vendors and two responses were received. After evaluating all bids, staff recommends awarding to Wesco as they were the lowest bid meeting our specifications.

This purchase is included in the FY 23 Electric Capital Budget. Pg. 17, Line 155, \$231,563.

Stephen Mason moved to Award Bid Invitation #1767 - spacer Cable to Wesco in the Amount of \$170,465.18. Kathryn Dutton-Mitchell seconded the motion. CARRIED. 5 to 0.

6 INFORMATIONAL ITEMS:

6.1 Retain Sherrill Morgan as FPB's Insurance Broker/Consultant. *(Nichell Brown to discuss)*

Management asked Staff to conduct a search for Health Insurance Broker/Consultant. In August 2022 FPB issued a Request for Proposal (RFP) for those services and received 5 responses. Proposals were reviewed by me, our Chief Operating Officer, Finance Director and the Human Resource staff.

In conducting this search, Staff was able to confirm that our current insurance broker, (who submitted a proposal) Sherrill Morgan offers the needed broker and consultant services and their professional fee and commission structure is

competitive and more favorable. In addition, this search has determined that Staff will conduct Health Insurance Broker services request for proposal at least every five years.

At the November Board meeting, Staff will present to the Board any health insurance plan recommendations and Stop Loss quotes for Board approval.

6.2 Ethics Committee Member Terms. (Hance Price will discuss)

FPB's Ethics Policy notes on page 7 that "The terms of members appointed on September 15, 2020 shall be staggered and no longer than three (3) years. Successors to retiring members shall be appointed for a term of three (3) years. All terms of office shall begin January 1 and end December 31." Ms. Maria Bush and Mr. Jack Brewer were appointed to two year terms expiring on 12/31/22 and the Board greatly appreciates their service to the FPB and the community. From this point forward, all appointments shall be for a term of three years. Both Ms. Bush and Br. Brewer are eligible for reappointment since the Policy notes that "The members may be re-appointed not to exceed two consecutive terms." Finally, the Ethics Policy notes, "Vacancies on the Ethics Committee shall be filled within thirty (30) days by the Board. If a vacancy is not filled by the Board within thirty (30) days, the remaining members of the Ethics Committee shall fill the vacancy."

Staff would like to contact both Ms. Bush and Mr. Brewer regarding their term expiration and possible re-appointment. If they are interested in continuing to serve on the Ethics Committee, Staff will bring an action item for the Board's approval prior to the expiration of their terms.

If any Board member has a recommendation or nomination for Ethics Committee candidates, please forward that information to Hance Price and/or Kathy Poe no later than December 1st.

6.3 Community Solar Update. (Travis McCullar will discuss)

7 INFORMATIONAL ITEM: GENERAL MANAGERS COMMENTS

8 INFORMATIONAL ITEM: OLD & NEW BUSINESS

9 REQUEST PERMISSION TO HAVE CHAIR CALL FOR A CLOSED SESSION

- 9.1 Request Permission to Call a Closed Session pursuant to KRS 61.810(1)(c) to discuss pending or proposed litigation regarding cost recovery, OSHA, contract matters, and employment matter; and KRS 61.810(1)(g) to discuss a specific proposal that if openly discussed would jeopardize the siting, retention, expansion or upgrading of a business.**

John Snyder moved Request Permission to Call a Closed Session pursuant to KRS 61.810(1)(c) to discuss pending or proposed litigation

regarding cost recovery, OSHA, contract matters; and KRS 61.810(1)(g) to discuss a specific proposal that if openly discussed would jeopardize the siting, retention, expansion or upgrading of a business. Stephen Mason seconded the motion. CARRIED. 5 to 0.

10 CLOSED DOOR SESSION

10.1 Come Out of Closed Session.

John Snyder moved to Come out of Closed Session. Stephen Mason seconded the motion. CARRIED. 5 to 0.

11 ACTION ITEM: POSSIBLE ACTION REGARDING CLOSED DOOR DISCUSSION


12 ACTION ITEM: ADJOURNMENT

12.1 Adjournment.

John Snyder moved to Adjourn. Stephen Mason seconded the motion. CARRIED. 5 to 0.



Board Chair



Board Secretary/Treasurer